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REMARKS

Claims 1-4 and 23-25 have been amended. Claim 22 has been cancelled. Accordingly, claims 1-4 and 23-26 are pending in the present application.

The examiner indicated in a telephone interview on January 9, 2008 that the Claim, Objection listed on page 2 of the Office Action relating to claim numbering due to a misstatement in the Remarks of the previous response. The identification of this error is appreciated. The correct claim numbering is referenced in the current response.

Claim 1 has been amended to incorporate the limitation of claim 22 and change "life settlement contracts" to -- to thereby obviate the 35 USC 112 rejection of claim 1 for antecedent basis. This amendment does not change the scope of the claim or raise a new issue on appeal, in that the purchase of an insurance contract from the owner is inherently a purchase on the secondary market. Additionally, this amendment is a rewriting of claim 22 into independent form. This amendment was not made earlier because this issue was first raised in the final rejection office action. Note that "life settlement contracts" does not include viatical contracts (terminally ill insureds). See applicant's specification at page 2, paragraph 0005. The deletion of the ambiguous "set of" in claim 1 likewise does not raise any new issues, as it is inherent in the previous wording.

Applicant's claimed invention calls for an investing assets step into a selected set of current, in-force life settlement contracts, i.e., a purchase of a set of life settlement contracts on the secondary market. The selection is based on (1) the contracts not insuring a beneficiary of the pension plan operating the method, and (2) the remaining life expectancy of each insured is within a predetermined limit. When a valuation step based on actuarial present value is performed by an apparatus, a transformation/conversion of asset value is obtained. The step is then performed of maintaining or having maintained the enforceability of the selected set of current, in-force life settlement contracts and processing or having processed death benefits arising from the life settlement contracts.

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The claims had been rejected under 35 USC 103 as being obvious over Halley et al (US 4,696,094) in view of Banks (US 20003/0018498). This rejection is respectfully traversed and reconsideration is requested.

Neither of the cited references discloses or suggests:

the purchase of a selected set of life settlement contracts (from the current owner/owners of the life insurance policies) on the secondary market with precise selection criteria set out in the claim. This is unique and non-obvious; and

neither reference discloses or suggests machine calculation of a total value of the pension plan assets after the addition of the set of current, in-force life settlement contracts using an actuarial present value method to transform the value of the assets used to purchase the set of life settlement contracts into the sum of the actuarial present values of the set of settlement contracts. The "actuarial present value" is a method of calculation set by the GASB (Governmental Accounting Standards Board) for life insurance settlement contracts that requires the valuation of the policy not at either the cash surrender value or the acquisition value, but rather at a value which gives weight to the probability of payment. The calculation is described at page 7 of applicant's specification. For each contract it comprises the sum of the amounts calculated for every out year through the final year of an actuarial table appropriate for that particular insured. Each amount calculated for every out year means the present value at an appropriate interest rate, of the product of the probability that the insured will die during such out year multiplied by the death benefit. This actuarial present value will increase at each subsequent valuation period as the probability of the insured's death in each out year increases.

Halley et al. discloses a method for an employee to self-implement a pension by obtaining a reverse annuity from a lending institution 12 that is secured (collateralized) by an insurance policy naming the lending institution as the beneficiary. The life insurance policy is purchased by either the system or the insurer (the specification is not clear on who the purchaser is) using predetermined periodic contributions from the employee. The lending institution 12 receives assignment of the policy as collateral and is named as the beneficiary. See column 1, line 62- column 2, line 9, column 2, lines 48-62, and claim 1. The lending institution 12 then makes periodic benefit payments to the employee after retirement. When

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the employee dies, the lending institution 12 receives the death benefit from the life insurance policy.

With respect to amended claim 1, the pension plan of Halley (the lending institution 12):

does not invest in and own life settlement contracts of individuals that it is not providing periodic benefit payments to on retirement, and the policies are not limited to individuals with a remaining life expectancy within a predetermined limit. Rather the lending institution 12 is assigned the life insurance policy of its beneficiary as security for the reverse annuity. See column 2, lines 9 and claim 1. Thus, there is never a purchase of a life settlement contract using the selection criteria set forth for the investing, which specifically excludes investing in life insurance contracts of the employees of the pension plan or investing in policies on insureds with life expectancies longer than the predetermined limit. Halley et al. has the employee or the insurer purchase the life insurance contract on the employee himself and name the lending institution as the beneficiary as security for the reverse annuity, regardless of the employee's life expectancy.

does not perform the actuarial present value calculation to transform the assets used to purchase the single insurance contract to an actuarial present value of the contract. Note that the lending institution would have no reason to do this, as this is simply a collateralized transaction.

Banks discloses an employee benefit plan that includes a self-funding survivor benefit plan. Banks' employee benefit plan identifies certain high-earning employees as high risk employees (paragraph 9), and then purchases life insurance on those high risk employees in order to pay survivor benefits for the survivors of those high risk employees. See paragraphs 18, 24, 35, and 42 of Banks. Banks may also purchase life insurance policies on other employees as a general funding mechanism so as to reap the proceeds on the death of the employee. This high risk employee funding strategy is indicative of a private sector function, as high level government employees are not entitled to the large survivor income benefits that corporate CEO's routinely obtain. In Banks a determination of the present value of the survivor obligation is calculated (paragraph 37) to identify any high risk employee that exceeds the risk tolerance of the employer (paragraph 38) for high survivor benefit payments.

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For such high risk employees, the fund purchases insurance contracts on the high risk employees themselves (paragraphs 38, 42, 43) in order to obtain needed cash flow and portfolio yield (paragraph 42).

The Banks patent:

does not invest/ purchase using prescribed selection criteria a set of current, in-force life settlement contracts from the owners of the contracts. To the extent that a selection criteria is set forth, it is that the employee be high risk to the employer. Banks also specifically violates the selection requirement of claim 1 excluding investing in life insurance contracts of the employees in the pension plan. Banks also does not look at the life expectancy of the insured, i.e., it purchases the policy on the high risk employee regardless of the life expectancy of the high risk employee.

does not perform the actuarial present value calculation to transform the assets used to purchase the single insurance contract to an "actuarial present value" of the contract. Rather, Banks calculates a present value of a survivor income benefit in order to identify high risk employees. Any general modeling of the survivor income benefit plan in Banks would never calculate the claimed "actuarial present value" as Banks does not relate to a government pension fund.

As neither reference discloses or suggests the investing, using the prescribed selection criteria set forth in the claim, in a set of current, in-force life settlement contracts from the owners of the contracts, and neither reference discloses or suggests an actuarial present value calculation, by or for the pension fund purchasing the life settlement contracts, to transform the assets used by the pension fund to purchase the single insurance contract to an "actuarial present value" of the contract as discussed previously, the combination of these two references could not suggest to one of ordinary skill in the art the claimed invention. There is nothing in the art that supplies the missing claim elements or provides any form of roadmap to produce the claimed system in the manner claimed.

Claims 3 and 4 specify examples of selection criteria, and are not met by disclosure of such specific selection criteria in either reference. As noted above, both references purchase

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insurance policies based on the person associated with the pension benefit or survivor benefit, regardless of his/her life expectancy.

Claim 23 discloses the investing in an ownership interest in a pool of life settlement contracts. The citation to Banks, paragraphs 47-48 refers only to identifying a group of employees in the pension plan who may have large survivor income benefits, i.e., high risk employees. Banks purchase and retention of life insurance policies on its high risk employees and other of its employees does not relate to a pool of life settlement contracts on individuals not employed by the employer.

Claim 24 relates to the pension fund investing in a pool of life settlement contracts obtained and made available by a third party. The cited paragraphs in Banks do not disclose the claimed feature.

Claim 25 relates to limiting the concentration of dollar value in a single insurer or carrier. Paragraph 43 of Banks has nothing to do with "concentration" in a single insurer or carrier.

Claim 26 relates to performing the investing and calculating steps, as specifically claimed, on a periodic basis. As Banks does not perform the claimed investing and calculating steps per the previous discussion, this claim is likewise not met by Banks.

Accordingly, in view of the present amendments and Remarks, the claims are now in allowable form. Early passage to issue is solicited.

The amendments and remarks are made without prejudice to any other or previously worded claims that have been filed or will be filed as part of this or related applications.

The Examiner is invited to contact the undersigned by telephone if it is felt that a telephone interview would advance the prosecution of the present application.

The Commissioner is hereby authorized to charge any additional fees which may be required regarding this application under 37 C.F.R. §§ 1.16-1.17, or credit any overpayment,

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to Deposit Account No. 19-0741. Should no proper payment be enclosed herewith, as by a check or credit card payment form being in the wrong amount, unsigned, post-dated, otherwise improper or informal or even entirely missing, the Commissioner is authorized to charge the unpaid amount to Deposit Account No. 19-0741. If any extensions of time are needed for timely acceptance of papers submitted herewith, Applicant hereby petitions for such extension under 37 C.F.R. §1.136 and authorizes payment of any such extensions fees to Deposit Account No. 19-0741.

Respectfully submitted,

Date January 31, 2008By 

FOLLEY & LARDNER LLP
Customer Number: 22428
Telephone: (202) 672-5485
Facsimile: (202) 672-5399

William T. Ellis
Attorney for Applicant
Registration No. 26,874